TFSA Investors: Where to Invest $6,000 This Year

Description

Interest rates across the globe hit rock-bottom levels last year amid the pandemic. Even if rates increase from here due to the economic recovery, the pace of the hike will be very gradual. Therefore, long-term conservative investors will likely continue to get around 2%-3% on low-risk investments. However, savvy investors will turn to smarter choices like stocks and invest in them through TFSA (Tax-Free Savings Account).

This year, the contribution limit in your Tax-Free Savings Account (TFSA) account is $6,000. If you have never invested in the TFSA, the cumulative limit extends to $75,500. Here are two stable **TSX** stocks that offer decent growth prospects for the long term.

Intact Financial

A $26 billion **Intact Financial** (TSX:IFC) is Canada's property and casualty insurance leader. Despite being in a relatively volatile sector, IFC has exhibited stable financial growth over the years. Its net income increased by 12%, compounded annually in the last 10 years. The stock returned nearly 300% in the same period, notably outperforming TSX stocks at large.

The earnings stability allowed Intact to pay secure dividends to its shareholders. It yields 2% at the moment, lower than Canadian stocks at large. However, notably, Intact managed to grow its dividends by 11% compounded annually in the last 15 years.

Intact Financial looks poised to grow, driven by its scale, diversified business mix, and leading market share. Prudent underwriting and its multi-channel distribution strategy should play well for its earnings growth in the long term.

Its decent capital growth prospects and stable dividend profile suggest that IFC could be a smart pick for the TFSA. Moreover, the capital appreciation and dividend income produced within the TFSA will be tax-free for qualified investors even at withdrawal.

Enbridge

Investors generally overestimate volatility risk while investing in stocks. However, some less volatile stocks like **Enbridge** (TSX:ENB)(NYSE:ENB) offer a decent risk-reward proposition to long-term investors. TFSA investors can expect close to double-digit returns from safe stocks like ENB in the long term.

A major contribution from ENB will most likely be from its dividends. It yields a juicy 7% at the moment, almost double the Canadian stocks' average. Additionally, Enbridge is a relatively low-risk company as its earnings do not significantly move based on volatile oil and gas prices. It is an energy pipeline company that earns a majority of its revenues from fixed-fee contracts with investment-grade counterparties.

Driven by such revenue visibility, Enbridge has managed to increase its dividends for the last 26 consecutive years. Such a long dividend growth streak indicates payout reliability and returns stability. Notably, the company maintained its shareholder payout growth even during the 2008 financial crisis and pandemic last year.

Enbridge stock has returned nearly 10% compounded annually in the last decade. That's far superior to the TSX. Its stable dividends could create a passive income stream in your sunset years. Less volatile nature and superior dividend yield make it one of the apt bets for income-seeking investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:IFC (Intact Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Date
2025/07/21
Date Created
2021/07/19
Author
vinitkularni20